

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF FRANK ) APPEAL NO. 07-A-2243  
RIEM AND CLAUDIA DAVIS from the decision of the ) FINAL DECISION  
Board of Equalization of Kootenai County for tax ) AND ORDER  
year 2007. )

**RESIDENTIAL PROPERTY APPEAL**

THIS MATTER came on for hearing November 6, 2007, in Coeur d' Alene, Idaho before Board Member Linda S. Pike. Board Members Lyle R. Cobbs and David E. Kinghorn participated in this decision. Appellant Frank Riem appeared. Assessor Mike McDowell, Residential Appraisal Manager Darin Krier, and Appraisers Elizabeth Reese and Shane Harmon appeared for Respondent Kootenai County. This appeal is taken from a decision of the Kootenai County Board of Equalization denying the protest of the valuation for taxing purposes of property described as Parcel No. V63000040040.

**The issue on appeal is the market value of a residential property.**

**The decision of the Kootenai County Board of Equalization is affirmed.**

FINDINGS OF FACT

The assessed land value is \$312,312, and the improvements' valuation is \$528,570, totaling \$840,882. Appellant requests the land value be reduced to \$250,000, and the improvements' value be reduced to \$400,000, totaling \$650,000.

The subject property is a 2,621 square foot single family residence, with a 954 square foot finished attic. Subject consists of .368 acres, located in the City of Hayden Lake in a gated golf course community.

The taxpayer stated the County is assessing subject's 954 square foot finished attic as main floor living space and comparing it with sales of similar square footage residences. Appellant described the attic as a storage area with finished walls. Appellant asserted that the

attic should not be included in main floor living space. Photographs of the attic were presented.

Appellant presented assessment information on four properties, and handwrote in sales prices for those properties. The taxpayer submitted this information to express that assessments were out of line with sales prices. No information was shared on the details of the properties.

The taxpayer did not discuss the land value reduction claim and no evidence was submitted regarding land value.

The County explained per the decision of the State Board of Tax Appeals in 2005, a 10% reduction for utilities was applied to the land. In 2006 market adjustments were not applied to subject parcel assessed value, creating an inequity. In 2007 market adjustments were applied to the assessed values for 2006 and 2007 for a total land value of \$312,312.

Respondent further explained subject improvements did not receive market adjustments either, and as a study of custom built homes revealed local cost modifiers (LCM) were warranted. The assessed value of subject's improvements increased to \$528,570 or \$148 per square foot, after a LCM was applied.

In regard to the assessment of the attic/storage area, Respondent presented improvement data indicating the main living area square footage of 2,621 was assessed at \$224,070, and the 954 attic space was assessed at \$14,600 or \$15.30 per square foot.

The County presented four sales. One sale was located in subject's neighborhood, had 2,843 square feet and sold in December 2005 for \$735,056. The remaining three sales took place in 2006, and were not located in subject's neighborhood, however, they were located in gated communities. The sales ranged from 2,941 to 3,881 square feet, with sale prices ranging from \$821,113 to \$1,006,978 or between \$149 and \$181 per square foot. For comparison subject is assessed for \$840,882, or \$148 per square foot.

## CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

Idaho Code provides that “All property within the jurisdiction of this state, not expressly exempted, is subject to appraisal, assessment and property taxation.” I.C. § 63-203 (2007). Idaho Code further directs that “rules promulgated by the State Tax Commission shall require each assessor to find market value for assessment purposes of all property.” I.C. § 63-208(1).

For the purpose of taxation, Idaho requires that all property be valued at market value as defined in Idaho Code § 63-201(10):

“Market value” means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing seller, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

Appellant’s primary point of contention was subject’s attic space was included as main floor living space resulting in an excessive assessed value for subject.

Respondent explained attics and bonus rooms were valued differently than main floor living space and presented calculations showing the breakdown for subject.

Respondent thoroughly detailed the methodology used to assess subject. The evidence illustrated compliance with Idaho’s market value standard and required valuation program.

The Assessor’s valuation of property for the purposes of taxation is presumed correct. The Senator, Inc. v. Ada County Board of Equalization, 138 Idaho 566, 569, 67 P.3d 45, 48

(2003). The court will grant relief where the valuation fixed by the assessor is manifestly excessive, fraudulent or oppressive; or arbitrary, capricious and erroneous resulting in discrimination against the taxpayer. Merris v. Ada County, 100 Idaho 59, 593 P.2d 394 (1979).

No error in the methodology used to determine subject's value was shown, nor does the record indicate the assessment was arbitrary or capricious. As such, the Board will affirm the decision of the Kootenai County Board of Equalization.

#### FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Kootenai County Board of Equalization concerning the subject parcel be, and the same hereby is, affirmed.

MAILED APRIL 3, 2008